

Bill and Melinda Gates go back to school

Their crusade to fix schools earned a "needs improvement," so they have a new plan. The most surprising beneficiaries? Community colleges.

By [Claudia Wallis](#), Spencer Fellow in education journalism
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(Fortune Magazine) -- When Bill Gates gets worked up about something, his body language changes. He suspends his habit of rocking forward and back in his chair and sits a little straighter. His voice rises in pitch. Today the subject is America's schools.

It's "a paradox," he says in an exclusive interview with Fortune, that "America has been so successful with such terrible education." We've gotten away with it, he says, by pampering an elite 20% - those who attend top colleges and the best public high schools and private academies, as Gates did himself before famously dropping out of Harvard.

But now that has to change, he insists. With low-skill jobs vanishing and global competition on the rise, "the imperative is to not just do well for the top 20% but to do well for everyone." How to do it, however, is a question that has taxed his prodigious energy, brainpower, and resources. Now Gates has a new approach that includes a surprising element: community colleges.

Since 2000 the Bill & Melinda Gates Foundation has invested \$2 billion in public education, plus another \$2 billion in scholarships. Most of it went into efforts to improve high schools that serve poor and minority students - mainly breaking up big, urban high schools and creating smaller, friendlier, and in theory more scholastically sound academies. (All told, the Gates Foundation gave money to 2,602 schools in 40 school districts.) Overall, it hasn't worked.

"We had a high hope that just by changing the structure, we'd do something dramatic," Gates concedes. "But it's nowhere near enough."

The results were a disappointing setback. So Gates and his \$35 billion foundation went back to school on the issue. They spent more than a year analyzing what went wrong (and in some cases what went right). They hired new leaders for their education effort, while Gates turned his attention to philanthropy full-time after stepping away from his operating role at Microsoft last summer.

In mid-November, when Gates and his wife, Melinda, were finally ready to unveil their fresh direction, they delivered the news at a private forum at the Sheraton Seattle for America's education elite, including New

York City schools chief Joel Klein, his Washington, D.C., counterpart, Michelle Rhee, Education Secretary Margaret Spellings, and top advisors to President-elect Obama.

The upshot is that Education 2.0 is bolder and more aggressive in its goals, and it involves even more intensive investment - \$3 billion over the next five years. This time the focus isn't on the structure of public high schools but on what's inside the classrooms: the quality of the teaching and the relevance of the curriculum. It steers smack into some of the biggest controversies in American education - tying teacher tenure and salaries to performance, and setting national standards for what is taught and tested.

And it looks beyond high school. "Our goal, with your help, is to double the number of low-income students who earn post-secondary degrees or credentials that let them earn a living wage," declared Melinda French Gates at the Seattle gathering.

About 70% of U.S. high school graduates now enroll in some kind of higher education, according to federal statistics, but only about half complete a degree, and among poor and minority students, it's more like 20%. Doubling that percentage, which the foundation aims to do by 2025, is essential, Melinda Gates insisted, "if we're going to make any dent in poverty in America."

The idea of focusing so much on college readiness is a provocative one among educators. Many, including some at the Seattle summit, think intervening in high school is awfully late in the game. They argue that the Gates Foundation should direct some of its efforts toward early-childhood education or middle school, where the gap in achievement between rich and poor begins to widen alarmingly and where U.S. students start to fall behind their global peers.

But America's most successful dropout passionately defends the decision to focus on college. Gates seems personally outraged that so many low-income students are lost in the transition from high school to college and the workplace:


"You think you've got a high school degree, you think you're ready to go, and then you get into a system that's totally unclear." It galls him that poorly prepared students wind up paying for remedial courses that cover what they should have learned in high school. "How much money is spent on that and how little comes out of it!"

A stunning statistic from the foundation's analysis: More than half the money spent on higher education in the U.S., which includes more than \$100 billion a year on student aid, does not lead to any degree or credential.

That analysis is what led the Gateses to a new focus on community colleges, which are relatively affordable and widespread, and already educate high proportions of minority students. Hilary Pennington, a co-founder of the Jobs for the Future research group who now heads the Gates post-secondary effort, has an intriguing battery of ideas she hopes to test over the next few years. Among them:

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